

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6700

BILL NUMBER: HB 1247

NOTE PREPARED: Jan 8, 2011

BILL AMENDED:

SUBJECT: Impact Fees for Schools.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill authorizes a school corporation to adopt a school impact fee resolution that imposes an impact fee on new residential development.

The bill provides that a school corporation may not adopt an impact fee unless the school corporation's capital projects plan includes the following components:

1. Projected school capacity needs for the current year and for not less than the succeeding four year period.
2. Estimated capital costs for the additional capacity needs.
3. Identification and general description of each project.
4. The estimated total cost of each project.
5. Identification of all sources of funds expected to be used for each project.
6. The planning, development, and construction schedule of each project.

The bill provides that a school impact fee is equal to the lesser of:

1. The proportionate share of costs incurred or to be incurred by a school corporation to provide school infrastructure that is required by, necessitated by, or needed to serve the new residential development, minus the sum of any nonlocal revenues, taxes, and charges that the fee payer and future owners of the development will pay for use of the school infrastructure; or
2. An amount equal to:
 - a. \$1,000 for a each single family unit;
 - b. \$750 for each multiple family unit containing four or fewer family units; or
 - c. \$500 for each multiple family unit containing more than four (4) family units.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: A school corporation that proposes a school impact fee must prepare or update their capital projects plan during the immediately preceding year.

Explanation of Local Revenues: The bill could decrease the need for local property taxes to finance school infrastructures that are required by, necessitated by, or needed to serve a residential development. It is unknown how many schools might adopt impact fees.

Background: Seven schools have had more than a 20% growth in ADM from the 2006 to the 2011 school year. The largest growth was for Hamilton Southeastern School Corporation that grew by about 32% percent. According to a national survey on impact fees performed by Duncan Associates in Austin Texas, about eight states have impact fees for schools. The average fee for a single-family unit in 2010 was \$4,835.

State Agencies Affected:

Local Agencies Affected: Local Schools.

Information Sources: http://www.impactfees.com/publications%20pdf/2010_survey.pdf

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